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SUBJECT: WE AREN'T MAKING THIS UP: THE BRV'S BIZARRE POLICY
HIGHLIGHTS

11. (SBU) Summary: Over the last month the BRV has proposed an amalgamation of ambitious socialist and populist projects that further expand the role of the state in society and seemingly defy common sense. President Chavez has announced his intention to construct socialist cities and islands, reduce the work week, arbitrarily adjust central bank policies, shift time zones, and change the official name of Caracas to "Cradle of Bolivar and the Queen of Guaraira Repano." While these arbitrary policy changes often seem irrational and capricious, they strongly adhere to Chavez' populist and nationalist ideology and allow attention to be diverted away from more controversial policy changes. End Summary.

Moving toward a New Bolivarian Utopia

12. (U) Chavez first announced his plans for a socialist city in January 2007. During his August 26 "Alo Presidente" television program he proposed naming the first one, "Cariba," in honor of the aboriginal tribe that first inhabited Caracas. Located just North of Caracas in a former environmentally protected area bordering Vargas state, Cariba will be the new home for families from the poorest barrios in Caracas. The BRV plans on moving families from the over-crowded and dangerous Catia Barrio into this 11,370 hectares block of land, setting a population goal of 100,000 inhabitants. The proposed city will purportedly have blocks of 5-floor houses with 20 family units, communication infrastructure, transport, trains, and possibly even cable cars. Besides building in a former environmentally protected zone, the government evicted 350 families who were previously occupying this area. On July 22, Ramon Carrizalez, the Minister of the People's Power for Housing and Habitat said that there were 12 ministries and 16 autonomous institutions working on this project, and the first 4,280 apartments should be completed in 12 - 18 months.

Chavez' Waterworld

13. (U) On August 19, President Chavez rolled out plans for installing artificial islands in Venezuela's Exclusive Economic Zone (EEZ) to "protect the security and sovereignty of its 760,000 square kilometers of national maritime space." This ambitious plan calls for erecting platforms in the middle of the ocean as small operation bases for boats that gradually would become navigation networks with permanent civil-military presence. These platforms would also serve as bases for scientific research, submarines, and the exploration of petroleum and minerals. Chavez neglected to

set a time frame for when the BRV would implement this plan, but noted that his long term goal would be to create inhabited island cities. The Dutch government, not surprisingly, has already expressed concerns about the BRV's unilateral intention to assert sovereignty in waters to which they believe the Dutch Antilles have a claim.

Time Changes and the Sun President

¶4. (U) During this same August 26 "Alo Presidente," Chavez announced that Venezuela would move its official time back a half an hour at midnight on December 31, ostensibly to boost the amount of natural sunlight intake during school hours. Chavez said he would change the Law of Meteorology to reflect Venezuela's new time grid, placing Venezuela four-and-a-half hours behind Greenwich Mean Time (GMT) instead of the current four hours. The Minister of Popular Power for Science and Technology, Hector Nevarro argued that he sought "a more fair distribution of the sunrise" and that more natural sunlight would have a positive metabolic effect, making Venezuelans even more productive at work and school. However, given the increasingly perilous crime situation in Caracas, many average Venezuelans worry more about having to walk or drive home in the dark than increasing productivity. With this move, Venezuela would be returning to its pre-1965 time zone and become the fifth country in the world in between time zones, joining Burma, Iran, India, and Afghanistan.

Revolutionary Name Changes

¶5. (U) In another attempt to leave a symbolic fingerprint on
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Venezuela, Article 18 of Chavez' "reformed" constitution proposes changing the name of Caracas to the "Cuna de Bolivar y la Reina de Guaira Repano" (Cradle of Bolivar and the Queen of Guaira Repano). (Note: Guaira Repano is the name the native Caraquenos gave to the mountain range that borders the northern edge of Caracas. End Note.) Name changes are nothing new for Venezuelans, and besides changing the country name in 1998, Chavez has added a star to the national flag and modified the figure of the horse in the national shield to run left instead of right. Much to the confusion of visitors, the BRV has been constantly changing the names of major parks, highways, and streets, providing names that better reflect Chavez' personal world view. For example, Caracas' Parque del Este's name has been changed from Romulo Betancourt to Generalismo Francisco de Miranda, and part of the principle highway in western Caracas, Avenue Paez, has been changed to Avenue Tehran. Caraquenos have largely coped with these increasing number of name changes by simply ignoring them.

Prohibition in Venezuela

¶6. (U) During the April 2007 Semana Santa vacation, President Chavez made a startling announcement affecting nearly all Venezuelans when he outlawed the purchase and sale of alcohol outside the hours of 10 AM and 5 PM from March 31 to April 4. He also declared April 5, 6, and 8 completely dry. This announcement was made the day before the vacation began, catching bars, restaurants, discos, and even embassy employees completely off guard. To his credit, Chavez' reasoning for this decree was to reduce the number of drunk driving accidents during Venezuelans' mass exodus from the cities. Besides shutting down bars and discos during one of the busiest times of the year, even Chavez' supporters protested this decree and most Venezuelans responded by stocking up and hoarding even more alcohol than usual. Venezuelan pro-opposition newspaper "El Nacional" reported

that while traffic accidents were reduced from 2,847 in 2006 to 2,773, traffic fatalities increased from 94 to 121 over the 2007 Easter week.

Say Good-bye to Superman and Usnavy

¶17. (U) On August 31, the National Electoral Council (CNE) proposed a Civil Registration Law that would allow the national registry to bar parents from giving their children "names that expose them to ridicule, are extravagant, difficult to pronounce, or leave doubts over the gender of the child." The new law proposes creating a list of no less than 100 traditional names for boys and girls that could be offered to parents as a reference when they are registering their child's birth. If approved by the National Assembly, besides cracking down on actual Venezuelan names like Superman and Usnavy, this bill would likely allow the registry authorities to refuse names like Lizette, Diogenes, Mizher, Leobardo, Ysmer, and Iroshima, coincidentally all names of National Assembly representatives. (Note: On September 13 the CNE withdrew this proposal. End Note.)

Working Hard or Hardly Working

¶18. (U) As part of President Chavez' constitutional reform, and a sweetener for the masses, the Venezuelan work week would be reduced from eight hours a day and a maximum of 44 hours per week, to six hours a day and a maximum of 36 hours per week. Chavez stated logic is that a 25 percent reduction in the number of hours worked would increase the number of jobs by the same percentage. Unsurprisingly, most Venezuelan economists have argued that instead of hiring new workers, companies will pay overtime, doling out more money for workers doing the same job. The likely unintended consequence of this policy, therefore, is more inflation. Economists estimate that labor costs would increase by 25 - 35 percent due to this change, and even loyal Chavista business associations have argued that this should either only affect large businesses or the BRV should help pay for the cost. The Minister of the People's Power for Labor and Social Security, Jose Ramon Rivero has said that the reduction, should it come into affect, would not be automatic and the goal is to reduce to six hours daily before 2010.

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Central Bank Becomes the People's Bank

¶19. (U) During his September 2 "Alo Presidente" show, Chavez suggested that the Venezuelan Central Bank (BCV) should stop acting as an "oxygen tank" for private banks and instead called on the BCV to help "farmers and peasants." On September 5, the Central Bank, apparently following Chavez' orders, announced that it would no longer allow overnight lending to banks that lacked liquidity. This move took banks, mainly small ones, by surprise and they were forced to borrow from larger banks, driving the overnight rate very quickly to 120 percent. The BCV apparently realized their mistake and resumed lending money to banks, driving the rate back down to 30 percent, however, still up from an average daily rate of 8.7 percent. (Note: On September 12, the BCV issued a circular stating that it would, starting today, resume "liquidity injection operations" that had been suspended on September 5. End Note.) During his September 2 speech Chavez said that he was having people study the BCV to revise the procedures inherited from previous governments.

Comment

¶10. (SBU) While the above policies clearly illustrate the arbitrary and capricious nature of Chavez' regime, these changes adhere to his populist, paternalistic, and nationalist ideology. Chavez' name changes and socialist cities show his seemingly relentless desire to construct both symbolic and physical manifestations of his reign. Besides simply allowing him to brandish power, he justifies these measures as a way to eradicate the vestiges of capitalism. Although these policies occasionally seem to defy logic, they allow Chavez to focus public attention on outlandish policies and away from more controversial ones like his proposals to eliminate presidential term limits and reduce the power of local governments.

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